

FEDERAL OPERATING PERMIT

A FEDERAL OPERATING PERMIT IS HEREBY ISSUED TO

TXP Reeves, LLC

AUTHORIZING THE OPERATION OF

TXP Reeves
Electric Services

LOCATED AT

Reeves County, Texas

Latitude 31° 16' 30" Longitude 103° 7' 1"

Regulated Entity Number: RN107092520

This permit is issued in accordance with and subject to the Texas Clean Air Act (TCAA), Chapter 382 of the Texas Health and Safety Code and Title 30 Texas Administrative Code Chapter 122 (30 TAC Chapter 122), Federal Operating Permits. Under 30 TAC Chapter 122, this permit constitutes the permit holder's authority to operate the site, emission units and affected source listed in this permit. Operations of the site, emission units and affected source listed in this permit are subject to all additional rules or amended rules and orders of the Commission pursuant to the TCAA.

This permit does not relieve the permit holder from the responsibility of obtaining New Source Review authorization for new, modified, or existing facilities in accordance with 30 TAC Chapter 116, Control of Air Pollution by Permits for New Construction or Modification.

The site, emission units and affected source authorized by this permit shall be operated in accordance with 30 TAC Chapter 122, the general terms and conditions, special terms and conditions, and attachments contained herein.

This permit shall expire five years from the date of issuance. The renewal requirements specified in 30 TAC § 122.241 must be satisfied in order to renew the authorization to operate the site, emission units and affected source.

Permit No: O3733 Issuance Date:

For the Commission

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General Terms and Conditions

The permit holder shall comply with all terms and conditions contained in 30 TAC § 122.143 (General Terms and Conditions), 30 TAC § 122.144 (Recordkeeping Terms and Conditions), 30 TAC § 122.145 (Reporting Terms and Conditions), and 30 TAC § 122.146 (Compliance Certification Terms and Conditions).

In accordance with 30 TAC § 122.144(1), records of required monitoring data and support information required by this permit, or any applicable requirement codified in this permit, are required to be maintained for a period of five years from the date of the monitoring report, sample, or application unless a longer data retention period is specified in an applicable requirement. The five year record retention period supersedes any less stringent retention requirement that may be specified in a condition of a permit identified in the New Source Review Authorization attachment.

If the permit holder chooses to demonstrate that this permit is no longer required, a written request to void this permit shall be submitted to the Texas Commission on Environmental Quality (TCEQ) by the Responsible Official in accordance with 30 TAC § 122.161(e). The permit holder shall comply with the permit's requirements, including compliance certification and deviation reporting, until notified by the TCEQ that this permit is voided.

The permit holder shall comply with 30 TAC Chapter 116 by obtaining a New Source Review authorization prior to new construction or modification of emission units located in the area covered by this permit.

All reports required by this permit must include in the submittal a cover letter which identifies the following information: company name, TCEQ regulated entity number, air account number (if assigned), site name, area name (if applicable), and Air Permits Division permit number(s).

Special Terms and Conditions: Emission Limitations and Standards, Monitoring and Testing, and Recordkeeping and Reporting

1. Permit holder shall comply with the following requirements:
 - A. Emission units (including groups and processes) in the Applicable Requirements Summary attachment shall meet the limitations, standards, equipment specifications, monitoring, recordkeeping, reporting, testing, and other requirements listed in the Applicable Requirements Summary attachment to assure compliance with the permit.
 - B. The textual description in the column titled "Textual Description" in the Applicable Requirements Summary attachment is not enforceable and is not deemed as a substitute for the actual regulatory language. The Textual Description is provided for information purposes only.

- C. A citation listed on the Applicable Requirements Summary attachment, which has a notation [G] listed before it, shall include the referenced section and subsection for all commission rules, or paragraphs for all federal and state regulations and all subordinate paragraphs, subparagraphs and clauses, sub-clauses, and items contained within the referenced citation as applicable requirements.
 - D. When a grouped citation, notated with a [G] in the Applicable Requirements Summary, contains multiple compliance options, the permit holder must keep records of when each compliance option was used.
 - E. Emission units subject to 40 CFR Part 63, Subpart ZZZZ as identified in the attached Applicable Requirements Summary table are subject to 30 TAC Chapter 113, Subchapter C, §113.1090 which incorporates the 40 CFR Part 63 Subpart by reference.
2. The permit holder shall comply with the following sections of 30 TAC Chapter 101 (General Air Quality Rules):
- A. Title 30 TAC § 101.1 (relating to Definitions), insofar as the terms defined in this section are used to define the terms used in other applicable requirements
 - B. Title 30 TAC § 101.3 (relating to Circumvention)
 - C. Title 30 TAC § 101.8 (relating to Sampling), if such action has been requested by the TCEQ
 - D. Title 30 TAC § 101.9 (relating to Sampling Ports), if such action has been requested by the TCEQ
 - E. Title 30 TAC § 101.10 (relating to Emissions Inventory Requirements)
 - F. Title 30 TAC § 101.201 (relating to Emission Event Reporting and Recordkeeping Requirements)
 - G. Title 30 TAC § 101.211 (relating to Scheduled Maintenance, Start-up, and Shutdown Reporting and Recordkeeping Requirements)
 - H. Title 30 TAC § 101.221 (relating to Operational Requirements)
 - I. Title 30 TAC § 101.222 (relating to Demonstrations)
 - J. Title 30 TAC § 101.223 (relating to Actions to Reduce Excessive Emissions)
3. Permit holder shall comply with the following requirements of 30 TAC Chapter 111:

- A. Visible emissions from stationary vents with a flow rate of less than 100,000 actual cubic feet per minute and constructed after January 31, 1972 that are not listed in the Applicable Requirements Summary attachment for 30 TAC Chapter 111, Subchapter A, Division 1, shall not exceed 20% opacity averaged over a six-minute period. The permit holder shall comply with the following requirements for stationary vents at the site subject to this standard:
- (i) Title 30 TAC § 111.111(a)(1)(B) (relating to Requirements for Specified Sources)
 - (ii) Title 30 TAC § 111.111(a)(1)(E)
 - (iii) Title 30 TAC § 111.111(a)(1)(F)(i), (ii), (iii), or (iv)
 - (iv) For emission units with vent emissions subject to 30 TAC § 111.111(a)(1)(B), complying with 30 TAC § 111.111(a)(1)(F)(ii), (iii), or (iv), and capable of producing visible emissions from, but not limited to, particulate matter, acid gases and NO_x, the permit holder shall also comply with the following periodic monitoring requirements for the purpose of annual compliance certification under 30 TAC § 122.146. These periodic monitoring requirements do not apply to vents that are not capable of producing visible emissions such as vents that emit only colorless VOCs; vents from non-fuming liquids; vents that provide passive ventilation, such as plumbing vents; or vent emissions from any other source that does not obstruct the transmission of light. Vents, as specified in the “Applicable Requirements Summary” attachment, that are subject to the emission limitation of 30 TAC § 111.111(a)(1)(B) are not subject to the following periodic monitoring requirements:
 - (1) An observation of stationary vents from emission units in operation shall be conducted at least once during each calendar quarter unless the emission unit is not operating for the entire quarter.
 - (2) For stationary vents from a combustion source, if an alternative to the normally fired fuel is fired for a period greater than or equal to 24 consecutive hours, the permit holder shall conduct an observation of the stationary vent for each such period to determine if visible emissions are present. If such period is greater than 3 months, observations shall be conducted once during each quarter. Supplementing the normally fired fuel with natural gas or fuel gas to increase the net heating value to the minimum required value does not constitute creation of an alternative fuel.

- (3) Records of all observations shall be maintained.
- (4) Visible emissions observations of emission units operated during daylight hours shall be conducted no earlier than one hour after sunrise and no later than one hour before sunset. Visible emissions observations of emission units operated only at night must be made with additional lighting and the temporary installation of contrasting backgrounds. Visible emissions observations shall be made during times when the activities described in 30 TAC § 111.111(a)(1)(E) are not taking place. Visible emissions shall be determined with each stationary vent in clear view of the observer. The observer shall be at least 15 feet, but not more than 0.25 mile, away from each stationary vent during the observation. For outdoor locations, the observer shall select a position where the sun is not directly in the observer's eyes. When condensed water vapor is present within the plume, as it emerges from the emissions outlet, observations must be made beyond the point in the plume at which condensed water vapor is no longer visible. When water vapor within the plume condenses and becomes visible at a distance from the emissions outlet, the observation shall be evaluated at the outlet prior to condensation of water vapor. A certified opacity reader is not required for visible emissions observations.
- (5) Compliance Certification:
 - (a) If visible emissions are not present during the observation, the RO may certify that the source is in compliance with the applicable opacity requirement in 30 TAC § 111.111(a)(1) and (a)(1)(B).
 - (b) However, if visible emissions are present during the observation, the permit holder shall either list this occurrence as a deviation on the next deviation report as required under 30 TAC § 122.145(2) or conduct the appropriate opacity test specified in 30 TAC § 111.111(a)(1)(F) as soon as practicable, but no later than 24 hours after observing visible emissions to determine if the source is in compliance with the opacity requirements. If an opacity test is performed and the source is determined to be in compliance, the RO may certify that the source is in compliance with the applicable opacity requirement. However, if an opacity test is performed and the source is determined to be out of compliance, the permit holder shall list this occurrence as a deviation

on the next deviation report as required under 30 TAC § 122.145(2). The opacity test must be performed by a certified opacity reader.

- (c) Some vents may be subject to multiple visible emission or monitoring requirements. All credible data must be considered when certifying compliance with this requirement even if the observation or monitoring was performed to demonstrate compliance with a different requirement.
- B. Certification of opacity readers determining opacities under Method 9 (as outlined in 40 CFR Part 60, Appendix A) to comply with opacity monitoring requirements shall be accomplished by completing the Visible Emissions Evaluators Course, or approved agency equivalent, no more than 180 days before the opacity reading.
- C. Emission limits on nonagricultural processes, except for the steam generators specified in 30 TAC § 111.153, shall comply with the following requirements:
 - (i) Emissions of PM from any source may not exceed the allowable rates as required in 30 TAC § 111.151(a) (relating to Allowable Emissions Limits)
 - (ii) Sources with an effective stack height (h_e) less than the standard effective stack height (H_e), must reduce the allowable emission level by multiplying it by $[h_e/H_e]^2$ as required in 30 TAC § 111.151(b)
 - (iii) Effective stack height shall be calculated by the equation specified in 30 TAC § 111.151(c)
- 4. The permit holder shall comply with the following requirements for units subject to any subpart of 40 CFR Part 60, unless otherwise stated in the applicable subpart:
 - A. Title 40 CFR § 60.7 (relating to Notification and Recordkeeping)
 - B. Title 40 CFR § 60.8 (relating to Performance Tests)
 - C. Title 40 CFR § 60.11 (relating to Compliance with Standards and Maintenance Requirements)
 - D. Title 40 CFR § 60.12 (relating to Circumvention)
 - E. Title 40 CFR § 60.13 (relating to Monitoring Requirements)
 - F. Title 40 CFR § 60.14 (relating to Modification)

- G. Title 40 CFR § 60.15 (relating to Reconstruction)
- H. Title 40 CFR § 60.19 (relating to General Notification and Reporting Requirements)

New Source Review Authorization Requirements

- 5. Permit holder shall comply with the requirements of New Source Review authorizations issued or claimed by the permit holder for the permitted area, including permits, permits by rule, standard permits, flexible permits, special permits, permits for existing facilities including Voluntary Emissions Reduction Permits and Electric Generating Facility Permits issued under 30 TAC Chapter 116, Subchapter I, or special exemptions referenced in the New Source Review Authorization References attachment. These requirements:
 - A. Are incorporated by reference into this permit as applicable requirements
 - B. Shall be located with this operating permit
 - C. Are not eligible for a permit shield
- 6. The permit holder shall comply with the general requirements of 30 TAC Chapter 106, Subchapter A or the general requirements, if any, in effect at the time of the claim of any PBR.
- 7. The permit holder shall maintain records to demonstrate compliance with any emission limitation or standard that is specified in a permit by rule (PBR) or Standard Permit listed in the New Source Review Authorizations attachment. The records shall yield reliable data from the relevant time period that are representative of the emission unit's compliance with the PBR or Standard Permit. These records may include, but are not limited to, production capacity and throughput, hours of operation, material safety data sheets (MSDS), chemical composition of raw materials, speciation of air contaminant data, engineering calculations, maintenance records, fugitive data, performance tests, capture/control device efficiencies, direct pollutant monitoring (CEMS, COMS, or PEMS), or control device parametric monitoring. These records shall be made readily accessible and available as required by 30 TAC § 122.144. Any monitoring or recordkeeping data indicating noncompliance with the PBR or Standard Permit shall be considered and reported as a deviation according to 30 TAC § 122.145 (Reporting Terms and Conditions).
- 8. The permit holder shall comply with the following requirements for Air Quality Standard Permits:
 - A. Registration requirements listed in 30 TAC § 116.611, unless otherwise provided for in an Air Quality Standard Permit

- B. General Conditions listed in 30 TAC § 116.615, unless otherwise provided for in an Air Quality Standard Permit
- C. Requirements of the Electric Generating Unit Standard Permit for facilities located in the West Texas region based on the information contained in the registration application.

Compliance Requirements

- 9. The permit holder shall certify compliance in accordance with 30 TAC § 122.146. The permit holder shall comply with 30 TAC § 122.146 using at a minimum, but not limited to, the continuous or intermittent compliance method data from monitoring, recordkeeping, reporting, or testing required by the permit and any other credible evidence or information. The certification period may not exceed 12 months and the certification must be submitted within 30 days after the end of the period being certified.
- 10. Use of Discrete Emission Credits to comply with the applicable requirements:
 - A. Unless otherwise prohibited, the permit holder may use discrete emission credits to comply with the following applicable requirements listed elsewhere in this permit:
 - (i) Title 30 TAC Chapter 115
 - (ii) Title 30 TAC Chapter 117
 - (iii) If applicable, offsets for Title 30 TAC Chapter 116
 - (iv) Temporarily exceed state NSR permit allowables
 - B. The permit holder shall comply with the following requirements in order to use the credit to comply with the applicable requirements:
 - (i) The permit holder must notify the TCEQ according to 30 TAC § 101.376(d)
 - (ii) The discrete emission credits to be used must meet all the geographic, timeliness, applicable pollutant type, and availability requirements listed in 30 TAC Chapter 101, Subchapter H, Division 4
 - (iii) The executive director has approved the use of the discrete emission credits according to 30 TAC § 101.376(d)(1)(A)
 - (iv) The permit holder keeps records of the use of credits towards compliance with the applicable requirements in accordance with 30 TAC § 101.372(h) and 30 TAC Chapter 122

- (v) Title 30 TAC § 101.375 (relating to Emission Reductions Achieved Outside the United States)

Protection of Stratospheric Ozone

- 11. Permit holders at a site subject to Title VI of the FCAA Amendments shall meet the following requirements for protection of stratospheric ozone.
 - A. Any on site servicing, maintenance, and repair on refrigeration and non-motor vehicle air-conditioning appliances using ozone-depleting refrigerants or non-exempt substitutes shall be conducted in accordance with 40 CFR Part 82, Subpart F. Permit holders shall ensure that repairs on or refrigerant removal from refrigeration and non-motor vehicle air-conditioning appliances using ozone-depleting refrigerants are performed only by properly certified technicians using certified equipment. Records shall be maintained as required by 40 CFR Part 82, Subpart F.

Temporary Fuel Shortages (30 TAC § 112.15)

- 12. The permit holder shall comply with the following 30 TAC Chapter 112 requirements:
 - A. Title 30 TAC § 112.15 (relating to Temporary Fuel Shortage Plan Filing Requirements)
 - B. Title 30 TAC § 112.16(a), (a)(1), and (a)(2)(B) - (C) (relating to Temporary Fuel Shortage Plan Operating Requirements)
 - C. Title 30 TAC § 112.17 (relating to Temporary Fuel Shortage Plan Notification Procedures)
 - D. Title 30 TAC § 112.18 (relating to Temporary Fuel Shortage Plan Reporting Requirements)

Permit Location

- 13. The permit holder shall maintain a copy of this permit and records related to requirements listed in this permit on site.

Acid Rain Permit Requirements

- 14. For units E-STK-1, E-STK-2, E-STK-3, E-ENGP-1, located at the affected source identified by ORIS/Facility code TBD, the designated representative and the owner or operator, as applicable, shall comply with the following Acid Rain Permit requirements.
 - A. General Requirements

- (i) Under 30 TAC § 122.12(1) and 40 CFR Part 72, the Acid Rain Permit requirements contained here are a separable portion of the Federal Operating Permit (FOP) and have an independent public comment process which may be separate from, or combined with the FOP.
- (ii) The owner and operator shall comply with the requirements of 40 CFR Part 72 and 40 CFR Part 76. Any noncompliance with the Acid Rain Permit will be considered noncompliance with the FOP and may be subject to enforcement action.
- (iii) The owners and operators of the affected source shall operate the source and the unit in compliance with the requirements of this Acid Rain Permit and all other applicable State and federal requirements.
- (iv) The owners and operators of the affected source shall comply with the General Terms and Conditions of the FOP that incorporates this Acid Rain Permit.
- (v) The term for the Acid Rain permit shall commence with the issuance of the FOP that incorporates the Acid Rain permit and shall be run concurrent with the remainder of the term of the FOP. Renewal of the Acid Rain permit shall coincide with the renewal of the FOP that incorporates the Acid Rain permit and subsequent terms shall be no more than five years from the date of renewal of the FOP and run concurrent with the permit term of the FOP.

B. Monitoring Requirements

- (i) The owners and operators, and the designated representative, of the affected source and each affected unit at the source shall comply with the monitoring requirements contained 40 CFR Part 75.
- (ii) The emissions measurements recorded and reported in accordance with 40 CFR Part 75 and any other credible evidence shall be used to determine compliance by the affected source with the acid rain emissions limitations and emissions reduction requirements for SO₂ and NO_x under the ARP.
- (iii) The requirements of 40 CFR Part 75 shall not affect the responsibility of the owners and operators to monitor emission of other pollutants or other emissions characteristics at the unit under other applicable requirements of the FCAA Amendments (42 U.S.C. 7401, as amended November 15, 1990) and other terms and conditions of the operating permit for the source.

C. SO₂ emissions requirements

- (i) The owners and operators of each source and each affected unit at the source shall comply with the applicable acid rain emissions limitations for SO₂.
- (ii) As of the allowance transfer deadline the owners and operators of the affected source and each affected unit at the source shall hold, in the unit's compliance subaccount, allowances in an amount not less than the total annual emissions of SO₂ for the previous calendar year.
- (iii) Each ton of SO₂ emitted in excess of the acid rain emissions limitations for SO₂ shall constitute a separate violation of the FCAA amendments.
- (iv) An affected unit shall be subject to the requirements under (i) and (ii) of the SO₂ emissions requirements as follows:
 - (1) Starting January 1, 2000, an affected unit under 40 CFR § 72.6(a)(2); or
 - (2) Starting on the later of January 1, 2000 or the deadline for monitor certification under 40 CFR Part 75, an affected unit under 40 CFR § 72.6(a)(3).
- (v) Allowances shall be held in, deducted from, or transferred into or among Allowance Tracking System accounts in accordance with the requirements of the ARP.
- (vi) An allowance shall not be deducted, for compliance with the requirements of this permit, in a calendar year before the year for which the allowance was allocated.
- (vii) An allowance allocated by the EPA Administrator or under the ARP is a limited authorization to emit SO₂ in accordance with the ARP. No provision of the ARP, Acid Rain permit application, this Acid Rain Permit, or an exemption under 40 CFR §§ 72.7 or 72.8 and no provision of law shall be construed to limit the authority of the United States to terminate or limit such authorization.
- (viii) An allowance allocated by the EPA Administrator under the ARP does not constitute a property right.

D. NO_x Emission Requirements

- (i) The owners and operators of the source and each affected unit at the source shall comply with the applicable acid rain emissions limitations for NO_x under 40 CFR Part 76.

- E. Excess emissions requirements for SO₂ and NO_x.
- (i) The designated representative of an affected unit that has excess emissions in any calendar year shall submit a proposed offset plan, as required under 40 CFR Part 77.
 - (ii) If an affected source has excess emissions in any calendar year shall, as required by 40 CFR Part 77:
 - (1) Pay, without demand, the penalty required and pay, upon demand, the interest on that penalty.
 - (2) Comply with the terms of an approved offset plan.
- F. Recordkeeping and Reporting Requirements
- (i) Unless otherwise provided, the owners and operators of the affected source and each affected unit at the source shall keep on site at the source each of the following documents for a period of 5 years from the date the document is created. This period may be extended for cause, at any time before the end of 5 years, in writing by the permitting authority or the EPA Administrator.
 - (1) The certificate of representation for the designated representative for the source and each affected unit and all documents that demonstrate the truth of the statements in the certificate of representation, in accordance with 40 CFR § 72.24; provided that the certificate and documents shall be retained on site at the source beyond such 5-year period until such documents are superseded because of the submission of a new certificate of representation changing the designated representative.
 - (2) All emissions monitoring information, in accordance with 40 CFR Part 75, provided that to the extent that 40 CFR Part 75 provides for a 3-year period for recordkeeping (rather than a five-year period cited in 30 TAC § 122.144), the 3-year period shall apply.
 - (3) Copies of all reports, compliance certifications, and other submissions and all records made or required under the ARP or relied upon for compliance certification.
 - (4) Copies of all documents used to complete an acid rain permit application and any other submission under the ARP or to demonstrate compliance with the requirements of the ARP.

- (ii) The designated representative of an affected source and each affected unit at the source shall submit the reports required under the ARP including those under 40 CFR Part 72, Subpart I and 40 CFR Part 75.

G. Liability

- (i) Any person who knowingly violates any requirement or prohibition of the ARP, a complete acid rain permit application, an acid rain permit, or a written exemption under 40 CFR §§ 72.7 or 72.8, including any requirement for the payment of any penalty owed to the United States, shall be subject to enforcement pursuant to FCAA § 113(c).
- (ii) Any person who knowingly makes a false, material statement in any record, submission, or report under the ARP shall be subject to criminal enforcement pursuant to FCAA § 113(c) and 18 U.S.C. 1001.
- (iii) No permit revision shall excuse any violation of the requirements of the ARP that occurs prior to the date that the revision takes effect.
- (iv) The affected source and each affected unit shall meet the requirements of the ARP contained in 40 CFR Parts 72 through 78.
- (v) Any provision of the ARP that applies to an affected source or the designated representative of an affected source shall also apply to the owners and operators of such source and of the affected units at the source.
- (vi) Any provision of the ARP that applies to an affected unit (including a provision applicable to the DR of an affected unit) shall also apply to the owners and operators of such unit. Except as provided under 40 CFR § 72.44 (Phase II repowering extension plans) and 40 CFR § 76.11 (NO_x averaging plans), and except with regard to the requirements applicable to units with a common stack under 40 CFR Part 75 (including 40 CFR §§ 75.16, 75.17, and 75.18), the owners and operators and the DR of one affected unit shall not be liable for any violation by any other affected unit of which they are not owners or operators or the DR and that is located at a source of which they are not owners or operators or the DR.
- (vii) Each violation of a provision of 40 CFR Parts 72, 73, 74, 75, 76, 77, and 78 by an affected source or affected unit, or by an owner or operator or DR of such source or unit, shall be a separate violation of the FCAA Amendments.

- H. Effect on other authorities. No provision of the ARP, an acid rain permit application, an acid rain permit, or an exemption under 40 CFR §§ 72.7 or 72.8 shall be construed as:
- (i) Except as expressly provided in Title IV of the FCAA Amendments, exempting or excluding the owners and operators and, to the extent applicable, the DR of an affected source or affected unit from compliance with any other provision of the FCAA Amendments, including the provisions of Title I of the FCAA Amendments relating to applicable National Ambient Air Quality Standards or State Implementation Plans.
 - (ii) Limiting the number of allowances a unit can hold; provided, that the number of allowances held by the unit shall not affect the source's obligation to comply with any other provisions of the FCAA Amendments.
 - (iii) Requiring a change of any kind in any state law regulating electric utility rates and charges, affecting any state law regarding such state regulation, or limiting such state regulation, including any prudence review requirements under such state law.
 - (iv) Modifying the Federal Power Act or affecting the authority of the Federal Energy Regulatory Commission under the Federal Power Act; or,
 - (v) Interfering with or impairing any program for competitive bidding for power supply in a state in which such program is established.
- I. The number of SO₂ allowances allocated by the EPA in 40 CFR Part 73 is enforceable only by the EPA Administrator.

Clean Air Interstate Rule Permit Requirements

15. For units E-STK-1, E-STK-2, E-STK-3, E-ENGP-1, located at the site identified by ORIS/Facility code TBD, the designated representative and the owner or operator, as applicable, shall comply with the following Clean Air Interstate Rule (CAIR) Permit requirements. Until approval of the Texas CAIR SIP by EPA, the permit holder shall comply with the equivalent requirements of 40 CFR Part 97 in place of the referenced 40 CFR Part 96 requirements in the Texas CAIR permit and 30 TAC Chapter 122 requirements.

A. General Requirements

- (i) Under 30 TAC § 122.420(b) and 40 CFR §§ 96.120(b) and 96.220(b) the CAIR Permit requirements contained here are a separable portion of the Federal Operating Permit (FOP).

- (ii) The owners and operators of the CAIR NO_x and the CAIR SO₂ source shall operate the source and the unit in compliance with the requirements of this CAIR permit and all other applicable State and federal requirements.
- (iii) The owners and operators of the CAIR NO_x and the CAIR SO₂ source shall comply with the General Terms and Conditions of the FOP that incorporates this CAIR Permit.
- (iv) The term for the initial CAIR permit shall commence with the issuance of the revision containing the CAIR permit and shall be the remaining term for the FOP that incorporates the CAIR permit. Renewal of the initial CAIR permit shall coincide with the renewal of the FOP that incorporates the CAIR permit and subsequent terms shall be no more than five years from the date of renewal of the FOP and run concurrent with the permit term of the FOP.

B. Monitoring and Reporting Requirements

- (i) The owners and operators, and the CAIR designated representative, of the CAIR NO_x source and each CAIR NO_x unit at the source shall comply with the monitoring, reporting, and recordkeeping requirements contained 40 CFR Part 96, Subpart HH.
- (ii) The owners and operators, and the CAIR designated representative, of the CAIR SO₂ source and each CAIR SO₂ unit at the source shall comply with the monitoring, reporting, and recordkeeping requirements contained 40 CFR Part 96, Subpart HHH.
- (iii) The emissions measurements recorded and reported in accordance with 40 CFR Part 96, Subpart HH and any other credible evidence shall be used to determine compliance by the CAIR NO_x source with the CAIR NO_x emissions limitation.
- (iv) The emissions measurements recorded and reported in accordance with 40 CFR Part 96, Subpart HHH and any other credible evidence shall be used to determine compliance by the CAIR SO₂ source with the CAIR SO₂ emissions limitation.

C. NO_x emissions requirements

- (i) As of the allowance transfer deadline for a control period, the owners and operators of the CAIR NO_x source and each CAIR NO_x unit at the source shall hold, in the source's compliance account, CAIR NO_x allowances available for compliance deductions for the control period under 40 CFR § 96.154(a) in an amount not less than the tons of total nitrogen oxides emissions for the control period

from all CAIR NO_x units at the source, as determined in accordance with the requirements of 40 CFR Part 96, Subpart HH.

- (ii) A CAIR NO_x unit shall be subject to the requirements of paragraph C.(i) of this CAIR Permit starting on the later of January 1, 2009, or the deadline for meeting the unit's monitor certification requirements under 40 CFR § 96.170(b)(1), (2), or (5).
- (iii) A CAIR NO_x allowance shall not be deducted, for compliance with the requirements of this permit, for a control period in a calendar year before the year for which the CAIR NO_x allowance was allocated.
- (iv) CAIR NO_x allowances shall be held in, deducted from or transferred into or among CAIR NO_x Allowance Tracking System accounts in accordance with the requirements of 40 CFR Part 96, Subpart FF or Subpart GG.
- (v) A CAIR NO_x allowance is a limited authorization to emit one ton of nitrogen oxides in accordance with the CAIR NO_x Annual Trading Program. No provision of the CAIR NO_x Annual Trading Program, the CAIR permit application, the CAIR permit, or an exemption under 40 CFR § 96.105 and no provision of law shall be construed to limit the authority of the State or the United States to terminate or limit such authorization.
- (vi) A CAIR NO_x allowance does not constitute a property right.
- (vii) Upon recordation by the Administrator under 40 CFR Part 96, Subpart FF or Subpart GG, every allocation, transfer, or deduction of a CAIR NO_x allowance to or from a CAIR NO_x unit's compliance account is incorporated automatically in this CAIR permit.

D. NO_x excess emissions requirement

- (i) If a CAIR NO_x source emits nitrogen oxides during any control period in excess of the CAIR NO_x emissions limitation, the owners and operators of the source and each CAIR NO_x unit at the source shall surrender the CAIR NO_x allowances required for deduction under 40 CFR § 96.154(d)(1) and pay any fine, penalty, or assessment or comply with any other remedy imposed, for the same violations, under the Clean Air Act or applicable State law.
- (ii) Each ton of such excess emissions and each day of such control period shall constitute a separate violation of 40 CFR Part 96, Subpart AA, the Clean Air Act, and applicable State law.

E. SO₂ emissions requirements

- (i) As of the allowance transfer deadline for a control period, the owners and operators of the CAIR SO₂ source and each CAIR SO₂ unit at the source shall hold, in the source's compliance account, CAIR SO₂ allowances available for compliance deductions for the control period under 40 CFR § 96.254(a) and (b) in an amount not less than the tons of total sulfur dioxides emissions for the control period from all CAIR SO₂ units at the source, as determined in accordance with the requirements of 40 CFR Part 96, Subpart HHH.
- (ii) A CAIR SO₂ unit shall be subject to the requirements of paragraph E.(i) of this CAIR Permit starting on the later of January 1, 2010, or the deadline for meeting the unit's monitor certification requirements under 40 CFR § 96.270(b)(1), (2), or (5).
- (iii) A CAIR SO₂ allowance shall not be deducted, for compliance with the requirements of this permit, for a control period in a calendar year before the year for which the CAIR SO₂ allowance was allocated.
- (iv) CAIR SO₂ allowances shall be held in, deducted from, or transferred into or among CAIR SO₂ Allowance Tracking System accounts in accordance with the requirements of 40 CFR Part 96, Subpart FFF or Subpart GGG.
- (v) A CAIR SO₂ allowance is a limited authorization to emit sulfur dioxide in accordance with the CAIR SO₂ Trading Program. No provision of the CAIR SO₂ Trading Program, the CAIR permit application, the CAIR permit, or an exemption under 40 CFR § 96.205 and no provision of law shall be construed to limit the authority of the State or the United States to terminate or limit such authorization.
- (vi) A CAIR SO₂ allowance does not constitute a property right.
- (vii) Upon recordation by the Administrator under 40 CFR Part 96, Subpart FFF or Subpart GGG, every allocation, transfer, or deduction of a CAIR SO₂ allowance to or from a CAIR SO₂ unit's compliance account is incorporated automatically in this CAIR permit.

F. SO₂ excess emissions requirements

- (i) If a CAIR SO₂ source emits sulfur dioxides during any control period in excess of the CAIR SO₂ emissions limitation, the owners and operators of the source and each CAIR SO₂ unit at the source shall surrender the CAIR SO₂ allowances required for deduction under 40 CFR § 96.254(d)(1) and pay any fine, penalty, or

assessment or comply with any other remedy imposed, for the same violations, under the Clean Air Act or applicable State law.

- (ii) Each ton of such excess emissions and each day of such control period shall constitute a separate violation of 40 CFR Part 96, Subpart AAA, the Clean Air Act, and applicable State law.

G. Recordkeeping and Reporting Requirements

- (i) Unless otherwise provided, the owners and operators of the CAIR NO_x source and each CAIR NO_x unit at the source and the CAIR SO₂ source and each CAIR SO₂ unit at the source shall keep on site at the source each of the following documents for a period of 5 years from the date the document is created. This period may be extended for cause, at any time before the end of 5 years, in writing by the permitting authority or the Administrator.
 - (1) The certificate of representation under 40 CFR §§ 96.113 and 96.213 for the CAIR NO_x designated representative for the source and each CAIR NO_x unit and the CAIR SO₂ designated representative for the source and each CAIR SO₂ unit at the source and all documents that demonstrate the truth of the statements in the certificate of representation; provided that the certificate and documents shall be retained on site at the source beyond such 5 year period until such documents are superseded because of the submission of a new certificate of representation under 40 CFR §§ 96.113 and 96.213 changing the CAIR designated representative.
 - (2) All emissions monitoring information, in accordance with 40 CFR Part 96, Subpart HH and Subpart HHH, provided that to the extent that these subparts provide for a 3-year period for recordkeeping, the 3-year period shall apply.
 - (3) Copies of all reports, compliance certifications, and other submissions and all records made or required under the CAIR NO_x Annual Trading Program and CAIR SO₂ Trading Program or relied upon for compliance determinations.
 - (4) Copies of all documents used to complete a CAIR permit application and any other submission under the CAIR NO_x Annual Trading Program and CAIR SO₂ Trading Program or to demonstrate compliance with the requirements of the CAIR NO_x Annual Trading Program and CAIR SO₂ Trading Program.
- (ii) The CAIR designated representative of a CAIR NO_x source and each CAIR NO_x unit at the source and a CAIR SO₂ source and each CAIR

SO₂ unit at the source shall submit the reports required under the CAIR NO_x Annual Trading Program and the CAIR SO₂ Trading Program including those under 40 CFR Part 96, Subpart HH and Subpart HHH.

- H. The CAIR NO_x source and each CAIR NO_x unit shall meet the requirements of the CAIR NO_x Annual Trading Program contained in 40 CFR Part 96, Subparts AA through II.
- I. The CAIR SO₂ source and each CAIR SO₂ unit shall meet the requirements of the CAIR SO₂ Trading Program contained in 40 CFR Part 96, Subparts AAA through III.
- J. Any provision of the CAIR NO_x Annual Trading Program and the CAIR SO₂ Trading Program that applies to a CAIR NO_x source or CAIR SO₂ source or the CAIR designated representative of a CAIR NO_x source or CAIR SO₂ source shall also apply to the owners and operators of such source and the units at the source.
- K. Any provision of the CAIR NO_x Annual Trading Program and the CAIR SO₂ Trading Program that applies to a CAIR NO_x unit or CAIR SO₂ unit or the CAIR designated representative of a CAIR NO_x unit or CAIR SO₂ unit shall also apply to the owners and operators of such unit.
- L. No provision of the CAIR NO_x Annual Trading Program, CAIR SO₂ Trading Program, a CAIR permit application, a CAIR permit, or an exemption under 40 CFR §§ 96.105 or 96.205 shall be construed as exempting or excluding the owners and operators, and the CAIR designated representative, of a CAIR NO_x source or CAIR NO_x unit or a CAIR SO₂ source or CAIR SO₂ unit from compliance with any other provision of the applicable, approved State implementation plan, a federally enforceable permit, or the Clean Air Act.

Attachments

Applicable Requirements Summary

New Source Review Authorization References

Applicable Requirements Summary

Unit Summary	21
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Note: A “none” entry may be noted for some emission sources in this permit’s “Applicable Requirements Summary” under the heading of “Monitoring and Testing Requirements” and/or “Recordkeeping Requirements” and/or “Reporting Requirements.” Such a notation indicates that there are no requirements for the indicated emission source as identified under the respective column heading(s) for the stated portion of the regulation when the emission source is operating under the conditions of the specified SOP Index Number. However, other relevant requirements pursuant to 30 TAC Chapter 122 including Recordkeeping Terms and Conditions (30 TAC § 122.144), Reporting Terms and Conditions (30 TAC § 122.145), and Compliance Certification Terms and Conditions (30 TAC § 122.146) continue to apply.

Unit Summary

Unit/Group/ Process ID No.	Unit Type	Group/Inclusive Units	SOP Index No.	Regulation	Requirement Driver
E-ENGP-1	SRIC ENGINES	N/A	60III-01	40 CFR Part 60, Subpart III	No changing attributes.
E-ENGP-1	SRIC ENGINES	N/A	63ZZZ-01	40 CFR Part 63, Subpart ZZZ	No changing attributes.
E-STK-1	STATIONARY TURBINES	N/A	60KKK-01	40 CFR Part 60, Subpart KKK	No changing attributes.
E-STK-2	STATIONARY TURBINES	N/A	60KKK-02	40 CFR Part 60, Subpart KKK	No changing attributes.
E-STK-3	STATIONARY TURBINES	N/A	60KKK-03	40 CFR Part 60, Subpart KKK	No changing attributes.

Applicable Requirements Summary

Unit Group Process ID No.	Unit Group Process Type	SOP Index No.	Pollutant	State Rule or Federal Regulation Name	Emission Limitation, Standard or Equipment Specification Citation	Textual Description (See Special Term and Condition 1.B.)	Monitoring And Testing Requirements	Recordkeeping Requirements (30 TAC § 122.144)	Reporting Requirements (30 TAC § 122.145)
E-ENGP-1	EU	60III-01	NMHC and NO _x	40 CFR Part 60, Subpart IIII	§ 60.4205(c)-Table 4 § 60.4206 § 60.4207(b) § 60.4211(c) [G]§ 60.4211(f) § 60.4211(g) § 60.4211(g)(2) § 60.4218	Owners and operators of emergency stationary fire pump CI ICE with a maximum engine power greater than or equal to 130 KW and less than or equal to 560 KW and a displacement of less than 30 liters per cylinder and is a 2009 model year and later must comply with an NMHC+NO _x emission limit of 4.0 g/KW-hr, as listed in Table 4 to this subpart.	§ 60.4209(a) § 60.4211(g)(2) [G]§ 60.4212	§ 60.4211(g)(2) § 60.4214(b)	[G]§ 60.4214(d)
E-ENGP-1	EU	60III-01	PM	40 CFR Part 60, Subpart IIII	§ 60.4205(c)-Table 4 § 60.4206 § 60.4207(b) § 60.4211(c) [G]§ 60.4211(f) § 60.4211(g) § 60.4211(g)(2) § 60.4218	Owners and operators of emergency stationary fire pump CI ICE with a maximum engine power greater than or equal to 130 KW and less than or equal to 560 KW and a displacement of less than 30 liters per cylinder and is a 2009 model year and later must comply with a PM emission limit of 0.20 g/KW-hr, as listed in Table 4 to this subpart.	§ 60.4209(a) § 60.4211(g)(2) [G]§ 60.4212	§ 60.4211(g)(2) § 60.4214(b)	[G]§ 60.4214(d)
E-ENGP-1	EU	63ZZZZ-01	112(B) HAPS	40 CFR Part 63, Subpart ZZZZ	§ 63.6590(c)	Stationary RICE subject to Regulations under 40 CFR Part 60. An affected source that meets any of the criteria in paragraphs (c)(1) through (7) of this section must meet the requirements of this part by meeting the requirements of 40 CFR part 60 subpart IIII, for	None	None	None

Applicable Requirements Summary

Unit Group Process ID No.	Unit Group Process Type	SOP Index No.	Pollutant	State Rule or Federal Regulation Name	Emission Limitation, Standard or Equipment Specification Citation	Textual Description (See Special Term and Condition 1.B.)	Monitoring And Testing Requirements	Recordkeeping Requirements (30 TAC § 122.144)	Reporting Requirements (30 TAC § 122.145)
						compression ignition engines or 40 CFR part 60 subpart JJJJ, for spark ignition engines as applicable. No further requirements apply for such engines under this part.			
E-STK-1	EU	60KKKK-01	NO _x	40 CFR Part 60, Subpart KKKK	§ 60.4320(a)-Table 1 § 60.4320(a) § 60.4320(b) § 60.4325 § 60.4333(a) § 60.4335(b)(1) § 60.4335(b)(2) § 60.4335(b)(3) [G]§ 60.4345	New turbine firing natural gas with a heat input at peak load greater than 50 MMBtu/h and less than or equal to 850 MMBtu/h must meet the nitrogen oxides emission standard of 150 ng/J of useful output (1.2 lb/MWh).	§ 60.4335(b)(1) § 60.4335(b)(2) § 60.4335(b)(3) [G]§ 60.4345 § 60.4350(a) § 60.4350(b) § 60.4350(c) § 60.4350(d) § 60.4350(e) § 60.4350(f) § 60.4350(f)(1) § 60.4350(g) [G]§ 60.4400(a) § 60.4400(b) § 60.4400(b)(1) § 60.4400(b)(4) § 60.4400(b)(5) § 60.4400(b)(6) [G]§ 60.4405	[G]§ 60.4345 § 60.4350(b)	[G]§ 60.4345 § 60.4350(d) § 60.4375(a) § 60.4380 [G]§ 60.4380(b) § 60.4395
E-STK-1	EU	60KKKK-01	SO ₂	40 CFR Part 60, Subpart KKKK	§ 60.4330(a)(1) § 60.4333(a) [G]§ 60.4385	You must not cause to be discharged into the atmosphere from the subject stationary combustion turbine any gases which contain SO ₂ in excess of 110 nanograms per Joule (ng/J) (0.90 pounds per megawatt-hour (lb/MWh)) gross output, or	§ 60.4370(b) § 60.4415(a) § 60.4415(a)(3)	§ 60.4370(b)	None
E-STK-2	EU	60KKKK-	NO _x	40 CFR Part 60,	§ 60.4320(a)-Table	New turbine firing natural	§ 60.4335(b)(1)	[G]§ 60.4345	[G]§ 60.4345

Applicable Requirements Summary

Unit Group Process ID No.	Unit Group Process Type	SOP Index No.	Pollutant	State Rule or Federal Regulation Name	Emission Limitation, Standard or Equipment Specification Citation	Textual Description (See Special Term and Condition 1.B.)	Monitoring And Testing Requirements	Recordkeeping Requirements (30 TAC § 122.144)	Reporting Requirements (30 TAC § 122.145)
		02		Subpart KKKK	1 § 60.4320(a) § 60.4320(b) § 60.4325 § 60.4333(a) § 60.4335(b)(1) § 60.4335(b)(2) § 60.4335(b)(3) [G]§ 60.4345	gas with a heat input at peak load greater than 50 MMBtu/h and less than or equal to 850 MMBtu/h must meet the nitrogen oxides emission standard of 150 ng/J of useful output (1.2 lb/MWh).	§ 60.4335(b)(2) § 60.4335(b)(3) [G]§ 60.4345 § 60.4350(a) § 60.4350(b) § 60.4350(c) § 60.4350(d) § 60.4350(e) § 60.4350(f) § 60.4350(f)(1) § 60.4350(g) [G]§ 60.4400(a) § 60.4400(b) § 60.4400(b)(1) § 60.4400(b)(4) § 60.4400(b)(5) § 60.4400(b)(6) [G]§ 60.4405	§ 60.4350(b)	§ 60.4350(d) § 60.4375(a) § 60.4380 [G]§ 60.4380(b) § 60.4395
E-STK-2	EU	60KKKK-02	SO ₂	40 CFR Part 60, Subpart KKKK	§ 60.4330(a)(1) § 60.4333(a) [G]§ 60.4385	You must not cause to be discharged into the atmosphere from the subject stationary combustion turbine any gases which contain SO ₂ in excess of 110 nanograms per Joule (ng/J) (0.90 pounds per megawatt-hour (lb/MWh)) gross output, or	§ 60.4370(b) § 60.4415(a) § 60.4415(a)(3)	§ 60.4370(b)	None
E-STK-3	EU	60KKKK-03	NO _x	40 CFR Part 60, Subpart KKKK	§ 60.4320(a)-Table 1 § 60.4320(a) § 60.4320(b) § 60.4325 § 60.4333(a) § 60.4335(b)(1) § 60.4335(b)(2) § 60.4335(b)(3) [G]§ 60.4345	New turbine firing natural gas with a heat input at peak load greater than 50 MMBtu/h and less than or equal to 850 MMBtu/h must meet the nitrogen oxides emission standard of 150 ng/J of useful output (1.2 lb/MWh).	§ 60.4335(b)(1) § 60.4335(b)(2) § 60.4335(b)(3) [G]§ 60.4345 § 60.4350(a) § 60.4350(b) § 60.4350(c) § 60.4350(d) § 60.4350(e) § 60.4350(f)	[G]§ 60.4345 § 60.4350(b)	[G]§ 60.4345 § 60.4350(d) § 60.4375(a) § 60.4380 [G]§ 60.4380(b) § 60.4395

Applicable Requirements Summary

Unit Group Process ID No.	Unit Group Process Type	SOP Index No.	Pollutant	State Rule or Federal Regulation Name	Emission Limitation, Standard or Equipment Specification Citation	Textual Description (See Special Term and Condition 1.B.)	Monitoring And Testing Requirements	Recordkeeping Requirements (30 TAC § 122.144)	Reporting Requirements (30 TAC § 122.145)
							§ 60.4350(f)(1) § 60.4350(g) [G]§ 60.4400(a) § 60.4400(b) § 60.4400(b)(1) § 60.4400(b)(4) § 60.4400(b)(5) § 60.4400(b)(6) [G]§ 60.4405		
E-STK-3	EU	60KKKK-03	SO ₂	40 CFR Part 60, Subpart KKKK	§ 60.4330(a)(1) § 60.4333(a) [G]§ 60.4385	You must not cause to be discharged into the atmosphere from the subject stationary combustion turbine any gases which contain SO ₂ in excess of 110 nanograms per Joule (ng/J) (0.90 pounds per megawatt-hour (lb/MWh)) gross output, or	§ 60.4370(b) § 60.4415(a) § 60.4415(a)(3)	§ 60.4370(b)	None

New Source Review Authorization References

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New Source Review Authorization References

The New Source Review authorizations listed in the table below are applicable requirements under 30 TAC Chapter 122 and enforceable under this operating permit.

Title 30 TAC Chapter 116 Permits, Special Permits, and Other Authorizations (Other Than Permits By Rule, PSD Permits, or NA Permits) for the Application Area.	
Authorization No.: 116607	Issuance Date: 02/21/2014

New Source Review Authorization References by Emissions Unit

The following is a list of New Source Review (NSR) authorizations for emission units listed elsewhere in this operating permit. The NSR authorizations are applicable requirements under 30 TAC Chapter 122 and enforceable under this operating permit.

Unit/Group/Process ID No.	Emission Unit Name/Description	New Source Review Authorization
E-ENGP-1	FIREWATER PUMP 1	116607
E-STK-1	TURBINE 1	116607
E-STK-2	TURBINE 2	116607
E-STK-3	TURBINE 3	116607

Appendix A

Acronym List30

Acronym List

The following abbreviations or acronyms may be used in this permit:

ACFM	actual cubic feet per minute
AMOC	alternate means of control
ARP	Acid Rain Program
ASTM	American Society of Testing and Materials
B/PA	Beaumont/Port Arthur (nonattainment area)
CAM	Compliance Assurance Monitoring
CD	control device
COMS	continuous opacity monitoring system
CVS	closed-vent system
D/FW	Dallas/Fort Worth (nonattainment area)
DR	Designated Representative
ELP	El Paso (nonattainment area)
EP	emission point
EPA	U.S. Environmental Protection Agency
EU	emission unit
FCAA Amendments	Federal Clean Air Act Amendments
FOP	federal operating permit
GF	grandfathered
gr/100 scf	grains per 100 standard cubic feet
HAP	hazardous air pollutant
H/G/B	Houston/Galveston/Brazoria (nonattainment area)
H ₂ S	hydrogen sulfide
ID No.	identification number
lb/hr	pound(s) per hour
MMBtu/hr	Million British thermal units per hour
MRRT	monitoring, recordkeeping, reporting, and testing
NA	nonattainment
N/A	not applicable
NADB	National Allowance Data Base
NO _x	nitrogen oxides
NSPS	New Source Performance Standard (40 CFR Part 60)
NSR	New Source Review
ORIS	Office of Regulatory Information Systems
Pb	lead
PBR	Permit By Rule
PM	particulate matter
ppmv	parts per million by volume
PSD	prevention of significant deterioration
RO	Responsible Official
SO ₂	sulfur dioxide
TCEQ	Texas Commission on Environmental Quality
TSP	total suspended particulate
TVP	true vapor pressure
U.S.C.	United States Code
VOC	volatile organic compound